



COMMONWEALTH of VIRGINIA

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STATE WATER CONTROL BOARD ENFORCEMENT ACTION - ORDER BY CONSENT ISSUED TO Colonial Pipeline Company

SECTION A: Purpose

This is a Consent Order issued under the authority of Va. Code § 62.1-44.34:20, between the State Water Control Board and Colonial Pipeline Company, for the purpose of resolving certain violations of the State Water Control Law and the applicable regulations.

SECTION B: Definitions

Unless the context indicates otherwise, the following words and terms have the meaning assigned to them below:

1. "Board" means the State Water Control Board, a permanent citizens' board of the Commonwealth of Virginia, as described in Va. Code §§ 10.1-1184 and 62.1-44.7.
2. "Containment and cleanup" means abatement, containment, removal and disposal of oil and, to the extent possible, the restoration of the environment to its existing state prior to an oil discharge.
3. "Department" or "DEQ" means the Department of Environmental Quality, an agency of the Commonwealth of Virginia, as described in Va. Code § 10.1-1183.
4. "Director" means the Director of the Department of Environmental Quality, as described in Va. Code § 10.1-1185.
5. "Discharge" means any spilling, leaking, pumping, pouring, emitting, emptying or dumping.

6. "Free product" refers to a regulated substance that is present as a nonaqueous phase liquid (e.g., liquid not dissolved in water).
7. "Location" means the facility, land, road, storm drain(s) or state water(s) where the oil discharge occurred; 6205 Centreville Rd, Centreville, Fairfax County, 20121.
8. "Colonial Pipeline Company" or "Colonial" means a corporation authorized to do business in Virginia and its affiliates, partners, owners, and subsidiaries. Colonial Pipeline Company is a "person" within the meaning of Va. Code § 62.1-44.3.
9. "Notice of Violation" or "NOV" means a type of Notice of Alleged Violation under Va. Code § 62.1-44.15.
10. "Oil" means oil of any kind and in any form, including, but not limited to, petroleum and petroleum by-products, fuel oil, lubricating oils, sludge, oil refuse, oil mixed with other wastes, crude oils and all other liquid hydrocarbons regardless of specific gravity. *See* Va. Code §62.1-44.34:14.
11. "Operator" means any person who owns, operates, charters, rents or otherwise exercises control over or responsibility for a facility or a vehicle or vessel.
12. "Order" means this document, also known as a "Consent Order" or "Order by Consent," a type of Special Order under the State Water Control Law.
13. "Person" means any firm, corporation, association or partnership, one or more individuals, or any governmental unit or agency thereof.
14. "State Water Control Law" means Chapter 3.1 (§ 62.1-44.2 *et seq.*) of Title 62.1 of the Va. Code. Article 11 (Va. Code §§ 62.1-44.34:14 through 62.1-44.34:23) of the State Water Control Law addresses discharge of oil into waters.
15. "State waters" means all water, on the surface and under the ground, wholly or partially within or bordering the Commonwealth or within its jurisdiction, including wetlands. Va. Code § 62.1-44.3.
16. "Va. Code" means the Code of Virginia (1950), as amended.
17. "VAC" means the Virginia Administrative Code.

SECTION C: Findings of Fact and Conclusions of Law

1. Colonial Pipeline Company is an interstate pipeline company that delivers refined petroleum products (gasoline, kerosene, home heating oil, and jet fuel) to cities, airports, and military bases throughout the southeastern, mid-Atlantic, and northeastern regions of the United States. The Colonial pipeline system begins in Houston, Texas, and ends in

Linden, New Jersey. The pipeline crosses 13 states, spans more than 5,500 miles, and connects 29 refineries on the US Gulf Coast to 270 marketing terminals.

2. On September 21, 2015 at 12:03 p.m., a petroleum odor was reported to Fairfax County 911. Fairfax County officials initially believed the gasoline was likely from an illegal dumping operation. By 7:30 p.m., cleanup crews had collected approximately 3,000 gallons of water-petroleum mixture in a vacuum truck from a stormwater catch basin located at approximately Latitude 38°49'45.44"N, Longitude 77°26'17.70"W. Crews also deployed absorbent booms and collected a similar mixture in a vacuum truck at a storm water retention pond located at approximately Latitude 38°83'05.67"N, Longitude 77°44'04.04"W. At 8:53pm, the Fairfax County Fire Marshal contacted Colonial Pipeline Company to report a sheen on the storm water retention pond. Approximately 7 minutes later, Colonial began to shut down two pipelines in the local vicinity, blocking in an underground 32" diameter pipeline (referred to as Line #4) as well as the pipeline adjacent to it (Line #3).
3. On September 22, 2015, Colonial Pipeline Company initiated a district-level response to address a possible discharge.
4. On September 23, 2015, the discharge was confirmed by Colonial Pipeline Company through a series of investigatory test pits along Line #4 and Line #3. After the leak was identified on Line #4, Colonial Pipeline Company excavated the impaired section of the pipeline and made a repair by welding on a "Type B" permanent repair sleeve to stop the source leak.
5. On October 26, 2015, DEQ received an Initial Abatement Report. The report indicated that some of the initial containment and clean-up actions were as follows:
 - a. air monitoring equipment was used to canvas the nearby residential and commercial area to monitor air quality and to alert the nearby public;
 - b. vacuum trucks, absorbent pads, and booms were deployed to remove and contain collected free product and contact water downgradient of the release site;
 - c. a soil vapor extraction system was constructed onsite and connected to various storm drain manholes to mitigate vapors inside the structures;
 - d. impacted soil and water was moved off-site for proper disposal; and
 - e. surface water and groundwater samples were collected to determine concentrations of free product.
6. Va. Code § 62.1-44.34:18 prohibits the discharge of oil into or upon state waters, lands, or storm drain systems that violate applicable water quality standards or cause a film or sheen upon or discoloration of the surface of the water.
7. On October 27, 2015, the Department issued Notice of Violation No. W2015-10-N-001 to the Colonial Pipeline Company for a discharge of oil into or upon state waters, lands, or storm drain systems.

8. On January 29, 2016, the Colonial Pipeline Company submitted a Limited Site Characterization Report, which described in further detail containment and cleanup activities, and supporting data collection and analyses to support Colonial Pipeline Company's response to the discharge and associated characterization efforts.
9. On May 3, 2017, DEQ staff met with representatives of Colonial Pipeline Company to discuss the accident, discharge, emergency response, containment and clean-up, and future actions. Colonial Pipeline Company estimated that 4,000 gallons of oil were discharged. DEQ staff requested additional information regarding the method Colonial Pipeline Company used to calculate the volume of oil discharged.
10. On June 6, 2017, the National Transportation Safety Board (NTSB) issued its Pipeline Accident Brief. The NTSB determined that the probable cause of the discharge of oil from Line #4 was a through-wall corrosion fatigue crack that developed at a dent in the pipeline due to residual and operational stress and exposure to the underground environment. Contributing to the accident were vague Pipeline and Hazardous Materials Safety Administration regulations that allowed the dent to remain in the pipeline. Also, contributing to the delay in recognizing the release were the limitations of pipeline Supervisory Control and Data Acquisition systems to detect small pipeline leaks.
11. On September 21, 2017, DEQ staff met with representatives of Colonial Pipeline Company to review the additional testing procedures, data, and analysis to support Colonial's estimated oil discharge volume. DEQ staff agreed that the additional data presented supports the estimated discharge volume of 4,000 gallons.
12. Colonial Pipeline Company has taken the followings actions to prevent future discharges in the Commonwealth:
 - a. Developed a new abnormal operating procedure to improve the process and provide general guidance to all qualified personnel who perform aboveground inspections of facilities and rights-of-way for suspected pipeline leaks and inspections conducted after natural disasters. Colonial trained more than 47 employees on this procedure—including right-of-way inspectors, senior operators, and project inspectors;
 - b. Hired a consultant to analyze the inline inspection data from 17 prior inline inspections on the Colonial system. The consultant's focus was on cracks in dents, particularly integrating ultrasonic crack tool inline inspection (ILI) data with magnetic flux leakage/caliper combination ILI tool data. Also, Colonial has developed a risk-based approach and prioritization process for dent screening and excavation based on the dent size, the pipe characteristics, and the dent location (relative to distance from pumping stations discharge) that place an emphasis on bottom-side, rock-caused dents. This independent third-party consultant's analysis on line #4 identified 10 dent locations—including the original two at the leak location—where verification digs were scheduled to examine the condition of the pipe. As of November 2017, Colonial has completed all digs. Of these ten, Colonial repaired two by cutting out the damaged portions and installing new

- pipe. The company confirmed fatigue cracks at three of the remaining eight; they repaired all eight using a Type B steel sleeve;
- c. Added 40 additional shallow dents to the line 4 supplemental dig list and have excavated all 40 locations. Colonial has not detected any cracks in the dents. Of the 40 excavations for suspected dents, Colonial repaired 39 dents with a Type B steel sleeve; Colonial recoated at one location because there was no dent or indication of cracks;
 - d. Revised its dent repair criteria, redefined what constitutes an actionable anomaly, and issued an Asset Integrity Directive to project personnel to implement the new repair methodology change. The directive also addresses requirements for the control center personnel to plan for additional repair time and for pipeline availability schedule updates. Colonial incorporated these changes into a revised Pipeline Maintenance Manual and provided training to the Colonial Projects Group, which is responsible for managing and inspecting the Colonial dent repair program.
13. Based on the information provided in C(2) through C(11), the State Water Control Board concludes that Colonial Pipeline Company has violated Va. Code § 62.1-44.34:18, which prohibits the discharge of oil into or upon state waters, lands, or storm drain systems, as described in paragraphs above.
14. In order for Colonial Pipeline Company to complete its return to compliance, DEQ staff and representatives of Colonial Pipeline Company have agreed to the Schedule of Compliance, which is incorporated as Appendix A of this Order.

SECTION D: Agreement and Order

Accordingly, by virtue of the authority granted it in Va. Code § 62.1-44.34:20, the Board orders Colonial Pipeline Company, and Colonial Pipeline Company agrees to:

1. Perform the actions described in Appendix A of this Order; and
2. Pay a civil charge of \$48,571 within 30 days of the effective date of the Order in settlement of the violations cited in this Order.

Payment shall be made by check, certified check, money order or cashier's check payable to the "Treasurer of Virginia," and delivered to:

Receipts Control
Department of Environmental Quality
Post Office Box 1104
Richmond, Virginia 23218

Colonial Pipeline Company shall include its Federal Employer Identification Number (FEIN) with the civil charge payment and shall indicate that the payment is being made in accordance

with the requirements of this Order for deposit into the Virginia Petroleum Storage Tank Fund (VPSTF). If the Department has to refer collection of moneys due under this Order to the Department of Law, Colonial Pipeline Company shall be liable for attorneys' fees of 30% of the amount outstanding.

SECTION E: Administrative Provisions

1. The Board may modify, rewrite, or amend this Order with the consent of Colonial Pipeline Company for good cause shown by Colonial Pipeline Company, or on its own motion pursuant to the Administrative Process Act, Va. Code § 2.2-4000 *et seq.*, after notice and opportunity to be heard.
2. This Order addresses and resolves only those violations specifically identified in Section C of this Order and in NOV No. W2015-10-N-001 dated October 27, 2015. This Order shall not preclude the Board or the Director from taking any action authorized by law, including but not limited to: (1) taking any action authorized by law regarding any additional, subsequent, or subsequently discovered violations; (2) seeking subsequent remediation of the facility; or (3) taking subsequent action to enforce the Order.
3. For purposes of this Order and subsequent actions with respect to this Order only, Colonial Pipeline Company admits the jurisdictional allegations, and agrees not to contest, but neither admits nor denies, findings of fact and conclusions of law contained herein.
4. Colonial Pipeline Company consents to venue in the Circuit Court of the City of Richmond for any civil action taken to enforce the terms of this Order.
5. Colonial Pipeline Company declares it has received fair and due process under the Administrative Process Act and the State Water Control Law and it waives the right to any hearing or other administrative proceeding authorized or required by law or regulation, and to any judicial review of any issue of fact or law contained herein. Nothing herein shall be construed as a waiver of the right to any administrative proceeding for, or to judicial review of, any action taken by the Board to modify, rewrite, amend, or enforce this Order.
6. Failure by Colonial Pipeline Company to comply with any of the terms of this Order shall constitute a violation of an order of the Board. Nothing herein shall waive the initiation of appropriate enforcement actions or the issuance of additional orders as appropriate by the Board or the Director as a result of such violations. Nothing herein shall affect appropriate enforcement actions by any other federal, state, or local regulatory authority.
7. If any provision of this Order is found to be unenforceable for any reason, the remainder of the Order shall remain in full force and effect.
8. Colonial Pipeline Company shall be responsible for failure to comply with any of the terms and conditions of this Order unless compliance is made impossible by earthquake, flood, other acts of God, war, strike, or such other unforeseeable circumstances beyond its control and not due to a lack of good faith or diligence on its part. Colonial Pipeline Company shall

demonstrate that such circumstances were beyond its control and not due to a lack of good faith or diligence on its part. Colonial Pipeline Company shall notify the DEQ Regional Director verbally within 24 hours and in writing within three business days when circumstances are anticipated to occur, are occurring, or have occurred that may delay compliance or cause noncompliance with any requirement of the Order. Such notice shall set forth:

- a. the reasons for the delay or noncompliance;
- b. the projected duration of any such delay or noncompliance;
- c. the measures taken and to be taken to prevent or minimize such delay or noncompliance; and
- d. the timetable by which such measures will be implemented and the date full compliance will be achieved.

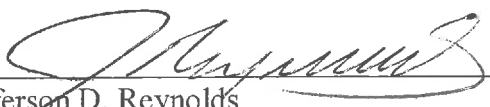
Failure to so notify the Regional Director verbally within 24 hours and in writing within three business days, of learning of any condition above, which the parties intend to assert will result in the impossibility of compliance, shall constitute a waiver of any claim to inability to comply with a requirement of this Order.

9. This Order is binding on the parties hereto and any successors in interest, designees and assigns, jointly and severally.
10. This Order shall become effective upon execution by both the Director or his designee and Colonial Pipeline Company. Nevertheless, Colonial Pipeline Company agrees to be bound by any compliance date which precedes the effective date of this Order.
11. This Order shall continue in effect until:
 - a. The Director or his designee terminates the Order after Colonial Pipeline Company has completed all of the requirements of the Order;
 - b. Colonial Pipeline Company petitions the Director or his designee to terminate the Order after it has completed all of the requirements of the Order and the Director or his designee approves the termination of the Order; or
 - c. the Director or Board terminates the Order in his or its sole discretion upon 30 days' written notice to Colonial Pipeline Company.

Termination of this Order, or any obligation imposed in this Order, shall not operate to relieve Colonial Pipeline Company from its obligation to comply with any statute, regulation, permit condition, other order, certificate, certification, standard, or requirement otherwise applicable.

12. Any plans, reports, schedules or specifications attached hereto or submitted by Colonial Pipeline Company and approved by the Department pursuant to this Order are incorporated into this Order. Any non-compliance with such approved documents shall be considered a violation of this Order.
13. The undersigned representative of Colonial Pipeline Company certifies that he or she is a responsible official authorized to enter into the terms and conditions of this Order and to execute and legally bind Colonial Pipeline Company to this document. Any documents to be submitted pursuant to this Order shall also be submitted by a responsible official of Colonial Pipeline Company.
14. This Order constitutes the entire agreement and understanding of the parties concerning settlement of the violations identified in Section C of this Order, and there are no representations, warranties, covenants, terms or conditions agreed upon between the parties other than those expressed in this Order.
15. By its signature below, Colonial Pipeline Company voluntarily agrees to the issuance of this Order.

And it is so ORDERED this 13 day of April, 2017


Jefferson D. Reynolds
Director of Enforcement
Department of Environmental Quality

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Colonial Pipeline Company voluntarily agrees to the issuance of this Order.

Date: DECEMBER 1, 2017 By: [Signature], VP, OPERATIONS / GM
(Person) (Title)
Colonial Pipeline Company

STATE OF GEORGIA
~~Commonwealth of Virginia~~
City/County of FULTON

The foregoing document was signed and acknowledged before me this 1ST day of
DECEMBER, 2017, by GERALD A. BECK who is

VP, OPERATIONS / GM of Colonial Pipeline Company on behalf of the
corporation.

[Signature]
Notary Public

N/A
Registration No.

My commission expires: APRIL 15, 2018

Notary seal:



APPENDIX A SCHEDULE OF COMPLIANCE

1. Colonial Pipeline Company shall continue to implement the Corrective Action Plan (CAP Tracking Number 522 as approved by DEQ on September 1, 2016) in material compliance with its terms and the remediation schedule contained therein, as informed by subsequent consultation between Colonial Pipeline Company and DEQ staff.
2. **Contact**

Unless otherwise specified in this Order, Colonial Pipeline Company shall submit all requirements of Appendix A of this Order to:

Department of Environmental Quality
Northern Regional Office
Alex Wardle
13901 Crown Court
Woodbridge, VA 22193
Alexander.Wardle@deq.virginia.gov
703-583-3822